

Message Text

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ACTION EB-11

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SUBJECT: TRADE UNION/GOVERNMENT MEETINGS - TENSION RISES

1. BEGIN SUMMARY. CURRENT ROUND IN GOVERNMENT/UNION DIALOGUE TO BE CAPPED BY JUNE 7 MEETING PRIME MINISTER AND LABOR LEADERS. UNIONS NOW CONVINCED GOVERNMENT NEITHER ABLE NOR WILLING TO OFFER A GREAT DEAL AND TENSION IS RISING. THE SERIES OF STRIKES IN PROGRESS IN THE INDUSTRIAL SECTOR AND A GENERAL STRIKE OF TRANSPORT WORKERS JUNE 7 ARE CALCULATED TO PRESSURE GOI INTO MORE FAVORABLE RESPONSE. UNIONS, HOWEVER, REALIZE LIMITATION STRIKE WEAPON AND NOT CONVINCED THAT GENERAL STRIKE WHICH WOULD LIKELY BRING DOWN RUMOR GOVERNMENT IS IN THEIR ECONOMIC OR POLITICAL INTEREST. UNIONS MAY THEREFORE TEMPORARILY ACCEPT ANTICIPATED MEAGER GOVERNMENT OFFER WITHOUT RECOURSE TO SUSTAINED SUMMERTIME STRIKES IF MOST SEVERE DEFLATIONARY MEASURES CAN BE WARDED OFF. AT THE
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SAME TIME THEY WILL CONTINUE TO PRESS FOR CHANGE AND WILL USE

POLITICAL STRIKE WHEN THEY FEEL ABLE. END SUMMARY.

2. THE SERIES OF GOVERNMENT/UNION MEETINGS FOR ELABORATING POLICY IN THE AREAS OF INVESTMENT, AGRICULTURE, TRANSPORT, CONSTRUCTION AND PENSIONS CONTINUE BUT TENSION IS RISING AS IT BECOMES APPARENT THERE IS NO MAGICAL FORMULA WHICH WILL BANISH ITALY'S ECONOMIC PROBLEMS AND AS UNIONS SENSE GOI FINAL RESPONSE TO UNION REQUESTS UNLIKELY TO BE SATISFACTORY. WRAP-UP MEETING WITH PRIME MINISTER RUMOR SCHEDULED FOR JUNE 7.

3. FEDERATION CGIL, CISL, UIL (CCU) EXECUTIVE COMMITTEE SCHEDULED TO EVALUATE GOVERNMENT PROGRAM AND DECIDE COURSE OF ACTION AT JUNE 11-12 GATHERING. INDUSTRIAL UNIONS JUDGE TALKS NEGATIVE THUS FAR AND THREATEN RECOURSE TO GENERAL STRIKE - AN EVENT WHICH, BECAUSE OF SOCIALIST SUPPORT FOR UNION POSITION, COULD SPEEDILY LEAD TO GOVERNMENT CRISIS. CONFEDERATIONS ARE MORE CAUTIOUS IN THEIR APPROACH.

4. CISL CONFEDERATION SO FAR INCLINED TO EMPHASIZE CERTAIN POSITIVE AREAS OF ANTICIPATED GOVERNMENT PROGRAM -EXPANDED CONSTRUCTION, INVESTMENT IN SOUTH, FIRST STEPS TO LINK PENSIONS TO SALARIES - WHILE CRITICIZING OVERALL GOVERNMENTAL PRIORITIES AND ESPECIALLY CREDIT POLICY. CISL POSITION IS THAT STRIKE-INDUCED CRISIS WOULD AGGRAVATE SHORT-TERM ECONOMIC DIFFICULTIES ALSO, CISL LEADERS OPPOSE CHANGES IN GOVERNMENT FORMULA WHICH WOULD INCLUDE PCI IN MORE DIRECT PARTICIPATORY ROLE.

5. CGIL TACTIC NOT YET CLEAR. GENERAL STRIKE OR EVEN GREATLY INCREASED TENSION MIGHT BE CONSIDERED POLITICALLY ADVANTAGEOUS IF OUTCOME WERE TO BE A GOVERNMENT MORE OPEN TO PCI AND MORE PREPARED TO ACCED TO UNION DEMANDS. PCI HOWEVER MAY NOT REALLY DESIRE CHANGE IN GOVERNMENT FORMULA AT THIS TIME AND MAY PREFER THAT PRESENT GOVERNMENT TAKE NECESSARILY UNPOPULAR DECISIONS RECEIVING ONUS FOR SAME. ALSO A POLICY OF LARGE SCALE LABOR MOBILIZATION WOULD RISK RUPTURE OF LABOR MOVEMENT'S UNIFIED POSTURE AND WOULD CALL INTO QUESTION WELL-NUTURED ROLE OF CGIL RESPONSIBILITY. FINALLY, CGIL SOCIALISTS HAVE PUBLICLY STATED THERE IS NO PRESENT NEED FOR CHANGE IN CENTER LEFT FORMULA.

6. THEREFORE, TRADE UNIONS, LIKE THE GOVERNMENT, ARE LIMITED IN LIMITED OFFICIAL USE

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TOOLS AVAILABLE FOR DIGGING OUT OF CRISIS. ALL PURPOSE STRIKE WEAPON CANNOT BE USED ENDLESSLY. DURING THIS PERIOD OF GOVERNMENT/ UNION NEGOTIATIONS IT IS ALREADY BEING USED EXTENSIVELY IN ORDER TO DEMONSTRATE TO GOI UNION COMMITMENT, STRENGTH AND PREPAREDNESS. CURRENTLY IN PROGRESS ARE A SERIES OF TWO-HOUR STRIKES BY INDUSTRIAL UNIONS, REGION BY REGION. NEWSPAPERS WILL NOT BE PUBLISHED JUNE 6 DUE TO 24-HOUR JOURNALIST STRIKE. AND ON JUNE 7, DATE OF FINAL UNION/GOVERNMENT MEETING, TRANSPORT WORKERS(RAIL, SEA, AIR

PORT, BUS AND TROLLEY) WILL WALK OUT NATIONWIDE FOR FOUR HOURS IN DEMAND FOR RESPONSIVE GOVERNMENT POLICIES IN THE TRANSPORT SECTOR. AFTER THIS WEEK'S DEMONSTRATIVE STRIKES UNION WILL NEED TO PAUSE AND REFLECT AT EXECUTIVE COMMITTEE CCU MEETING CONCERNING USEFULNESS OF WIDE-RANGING POLITICAL STRIKES DURING SUMMER PERIOD. MUCH WILL DEPEND ON UNION INTERPRETATION GOI PROMISES.

7. IN THIS REGARD RECENT TOUGH STATEMENT BANK OF ITALY GOVERNOR CARLI CALLING FOR INTER-ALIA A FREEZE ON WAGE ESCALATOR MAY BE USEFUL IN THAT INDUSTRIAL UNION WRATH DIRECTED AGAINST CARLI. GOI CAN THEN TAKE MIDDLE GROUND BETWEEN CARLI APPROACH AND UNION DEMANDS BY ATTEMPTING AN EXIT FROM ECONOMIC DIFFICULTIES WHICH WOULD AVOID MOST SEVERE DEFLATIONARY EFFECTS. IF FEARS OF MASSIVE UNEMPLOYMENT CAN BE ASSUAGED BY GOI PROGRAM AND IF SACRIFICES ARE ASKED OF ALL (UNIONS DEMAND HIGHER TAXES FOR MIDDLE AND UPPER CLASSES) THEN UNIONS MAY FIND IT IN THEIR INTEREST TO AVOID A LONG HOT SUMMER.BEAUDRY

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